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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

In re Eventbrite, Inc. Securities Litigation

Master File No. 5:19-cv-02019-EJD

CLASS ACTION

**AMENDED CLASS ACTION
COMPLAINT FOR VIOLATIONS OF
THE FEDERAL SECURITIES LAWS**

This Document Relates To: All
Actions

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1 Plaintiffs Michael Gomes, Melvin Pastores, Mohit Uppal, and Bruce Bones (“Plaintiffs”),
 2 individually and on behalf of all others similarly situated, by and through their attorneys, allege
 3 the following upon information and belief, except as to those allegations concerning Plaintiff,
 4 which are alleged upon personal knowledge.

5 **NATURE OF THE ACTION**

6
 7 1. This is a class action on behalf of persons and entities that: a) purchased or
 8 otherwise acquired Eventbrite, Inc. (“Eventbrite” or the “Company”) securities pursuant or
 9 traceable to Eventbrite’s registration statement and prospectus (“Registration Statement”) issued in
 10 connection with the Company’s September 2018 initial public offering (“IPO” or the “Offering”);
 11 or b) purchased or otherwise acquired Eventbrite securities between September 20, 2018 and May
 12 1, 2019, inclusive (the “Class Period”), seeking remedies against Defendants, under the Securities
 13 Act of 1933 (“Securities Act”) and the Securities Exchange Act of 1934 (“Exchange Act”).

14 2. Eventbrite hosts a platform through which live event creators (“Customers”) can
 15 plan for, market, and sell tickets to their events.¹

16 3. Unlike earlier entrants in the live event planning market, Eventbrite is not geared to
 17 any particular kind of event. Instead, Eventbrite’s platform is ecumenical, designed to be used by
 18 industry conferences, music performances, endurance challenges, and any other live event,
 19 whether in the U.S. or in the 169 other countries in which Eventbrite operates, and whether the
 20 event is free or charges admission.

21 4. In September 2017, approximately one year prior to the IPO, Eventbrite had
 22 acquired Ticketfly, LLC (“Ticketfly”), a competitor, from Pandora Media, Inc. (“Pandora”), for
 23 \$201.1 million. Unlike Eventbrite, intended to be used by Customers planning any event in any
 24 country, Ticketfly is narrowly focused on just one region and just one industry: independent music
 25 venues and festivals in North America.

26 5. Eventbrite’s principal objective in acquiring Ticketfly was to acquire Ticketfly’s

27 ¹ Throughout, references to “Customers” are to Eventbrite and Ticketfly’s immediate customers,
 28 *i.e.*, the event creators/promoters. References to “Ticket Purchasers” are to those Customers’
 customers, *i.e.*, event attendees.

1 existing relationships and clients in the independent music venue market in North America.

2 6. To reduce overhead and engineering costs, Eventbrite incorporated any new
3 platforms it acquired into its core Eventbrite platform. Eventbrite then eliminates (or “deprecates”)
4 the old platform. As part of the process, Eventbrite tries to entice the old platform’s customers to
5 switch (or “migrate”) to Eventbrite’s platform rather than to a competitor’s.

6 7. On September 20, 2018, Eventbrite filed its prospectus for its IPO. In the IPO,
7 Eventbrite sold 11.5 million shares of Class A common shares (“common stock” or “common
8 shares”) for \$23.00 per share. Eventbrite received proceeds of approximately \$246.0 million from
9 the IPO, net of underwriting discounts and commissions.

10 8. The Registration Statement which was used to sell shares in the IPO was materially
11 misleading because Defendants negligently omitted that Eventbrite was failing in migrating
12 Ticketfly customers to Eventbrite’s platform. As explained more fully herein, the migration
13 efforts suffered because Ticketfly offered its Customers various features and services which were
14 not available on, and could not easily be added to, Eventbrite. As a result, Ticketfly Customers
15 did not migrate to Eventbrite as expected.

16 9. Within about two months of the acquisition, Eventbrite asked all of Ticketfly’s
17 salespeople to identify which of the Ticketfly features that were unavailable on Eventbrite their
18 Customers relied on. Eventbrite also asked the salespeople to estimate how important these
19 missing features were to Customers. Eventbrite called each such analysis a “gap analysis.”

20 10. The gap analyses identified three features that nearly all Ticketfly Customers used
21 and which they most highly valued. These are: (a) 24-hour support for the Customers’ Ticket
22 Purchasers; (b) an integrated email system that allows Customers to automatically send emails to
23 Ticket Purchasers and others; and (c) the ability to automatically break down fees for the Ticket
24 Purchasers any way the Customer wants.

25 11. It was extremely difficult for Eventbrite to offer these features. Ticketfly was able
26 to offer 24-7 customer support because it could piggyback off Pandora’s existing customer support
27 lines. The cost for Eventbrite to offer the same service would be astronomical. Eventbrite does
28 not integrate email at all, and so would have to spend considerable engineering time creating not

1 just specific features Ticketfly Customers liked but the entire email infrastructure. And the ability
2 to break down fees was such a significant engineering challenge that Eventbrite could not
3 complete it until early 2019, a year and a half after it bought Ticketfly.

4 12. Eventbrite also mishandled the Ticketfly integration. Customers had to be
5 persuaded to switch to Eventbrite's platform. Yet Eventbrite alienated the Ticketfly salespeople
6 who would do the persuading by convincing them that they had no future with Eventbrite.
7 Eventbrite made it these salespeople's jobs merely to retain Customers rather than pitch services to
8 new Customers. Eventbrite abandoned valued and nearly costless Ticketfly traditions. Believing
9 that Eventbrite would fire them after they finished migrating their Customers onto its platform,
10 many salespeople simply left, with departures reaching a "tipping point" by early 2018.

11 13. For all these reasons, by the time of the IPO, the troubles integrating Ticketfly were
12 a known trend or uncertainty reasonably expected to have a material unfavorable impact on
13 Eventbrite's financial performance.² As such, Defendants were obligated to disclose it in the
14 Registration Statement, but negligently did not. Further, in stating in the Registration Statement
15 that "[t]he modularity and extensibility of our platform enables us to quickly integrate and
16 migrate creators to the Eventbrite platform, allowing us to quickly deprecate the acquired
17 technology and associated costs," Defendants misleadingly concealed that Eventbrite's platform
18 could not be extended to include the features that influenced Customers to choose Ticketfly.

19 14. Moreover, Eventbrite's ability to integrate Ticketfly and to migrate its customers
20 onto its platform was clearly material to Eventbrite investors. Ticketfly was Eventbrite's largest
21 ever acquisition, by far, and accounted for about one quarter of Eventbrite's revenues.

22 15. On March 7, 2019, Defendants announced Eventbrite's full year 2018 results. In
23 announcing the results, Defendants admitted that (a) the Ticketfly migration had taken longer than
24 Eventbrite's previous representations and would only be completed by the second half of 2019; (b)
25 Q4 2018 revenues had been lower, and Q1 2019 revenues would be lower, than previous estimates
26 because Eventbrite was spending its energy migrating Ticketfly customers rather than finding new
27 ones; and (c) Eventbrite's expenses in migrating Ticketfly customers had been and would continue

28 ² 17 C.F.R. § 229.303(a)(3)(ii).

1 to be higher than previously stated. The next day, the price of Eventbrite's shares fell \$7.96 to
 2 close at \$24.46 on unusually high trading volume. All big-name analysts following Eventbrite
 3 attributed the drop to the Ticketfly disclosures.

4 16. On May 1, 2019, Defendants announced Eventbrite's Q1 2019 disappointing
 5 earnings results. In announcing the Q1 2019 results, Defendants admitted that (a) North American
 6 music revenue grew only modestly year-over-year because Eventbrite's salespeople had focused
 7 on retaining and migrating Ticketfly Customers, and (b) because it had not been able to migrate
 8 Ticketfly Customers, Eventbrite was lowering its Q2 2019 revenue guidance. The next day, the
 9 price of Eventbrite's shares fell \$6.55 to close at \$17.60 on unusually high trading volumes. All
 10 big-name analysts following Eventbrite again attributed the drop to the Ticketfly disclosures.

11 **JURISDICTION AND VENUE**

12 17. The claims asserted herein arise under and pursuant to Sections 11 and 15 of the
 13 Securities Act (15 U.S.C. §§ 77k and 77o), and Sections 10(b) and 20(a) of the Exchange Act (15
 14 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. §
 15 240.10b-5).

16 18. This Court has jurisdiction over the subject matter of this action pursuant to 28
 17 U.S.C. § 1331, Section 22 of the Securities Act (15 U.S.C. § 77v), and Section 27 of the Exchange
 18 Act (15 U.S.C. § 78aa).

19 19. Venue is proper in this Judicial District pursuant to 28 U.S.C. § 1391(b) and
 20 Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)). The Company has offices in this district.

21 20. In connection with the acts, transactions, and conduct alleged herein, Defendants
 22 directly and indirectly used the means and instrumentalities of interstate commerce, including the
 23 United States mail, interstate telephone communications, and the facilities of a national securities
 24 exchange.

25 **PARTIES**

26 21. Plaintiffs Michael Gomes, Melvin Pastores, and Mohit Uppal, as set forth in their
 27 certifications which they previously filed and which are incorporated by reference herein,
 28 purchased Eventbrite securities during the Class Period pursuant or traceable to the Registration

1 Statement issued in connection with the Company's IPO, and were damaged thereby.

2 22. Plaintiff Bruce Bones, as set forth in his certification which is attached as an exhibit
3 hereto and which is incorporated by reference herein, purchased Eventbrite securities during the
4 Class Period pursuant or traceable to the Registration Statement issued in connection with the
5 Company's IPO, and was damaged thereby.

6 23. Defendant Eventbrite is incorporated under the laws of Delaware. Its principal
7 executive offices are in San Francisco. Eventbrite's stock trades on the New York Stock Exchange
8 ("NYSE") under the symbol "EB."

9 24. Defendant Julia Hartz ("Hartz") was, at all relevant times, the Chief Executive
10 Officer and a Director of the Company, and signed the Company's Registration Statement filed
11 with the SEC.

12 25. Defendant Randy Befumo was, at all relevant times, the Chief Financial Officer of
13 the Company, and signed the Company's Registration Statement filed with the SEC.

14 26. Defendant Andrew Dreskin was a director of the Company and signed the
15 Company's Registration Statement filed with the SEC. Dreskin reported directly to Julia Hartz.
16 Dreskin founded Ticketfly and ran it until Eventbrite acquired it. He then headed up Eventbrite's
17 music operations.

18 27. Defendants Hartz, Befumo, and Dreskin are the "Individual Defendants."

19 28. Defendant Katherine August-deWilde was a director of the Company and signed
20 the Company's Registration Statement filed with the SEC.

21 29. Defendant Roelof Botha was a director of the Company and signed the Company's
22 Registration Statement filed with the SEC.

23 30. Defendant Kevin Hartz ("Kevin Hartz") was a director of the Company and signed
24 the Company's Registration Statement filed with the SEC. Kevin Hartz is Hartz's husband.

25 31. Defendant Sean P. Moriarty was a director of the Company and signed the
26 Company's Registration Statement filed with the SEC.

27 32. Defendant Lorrie M. Norrington was a director of the Company and signed the
28 Company's Registration Statement filed with the SEC.

33. Defendant Helen Riley was a director of the Company and signed the Company's Registration Statement filed with the SEC.

34. Defendant Steffan C. Tomlinson was a director of the Company and signed the Company's Registration Statement filed with the SEC.

35. Defendants Hartz, Befumo, August-deWilde, Botha, Dreskin, Kevin Hartz, Moriarty, Norrington, Riley, and Tomlinson are the "Securities Act Individual Defendants."

36. Defendant Goldman Sachs & Co. LLC ("Goldman Sachs") underwrote Eventbrite's IPO.

37. Defendant J.P. Morgan Securities LLC ("J.P. Morgan") underwrote Eventbrite's IPO.

38. Defendant Allen & Company LLC ("Allen") underwrote Eventbrite's IPO.

39. Defendant RBC Capital Markets, LLC ("RBC") underwrote Eventbrite's IPO.

40. Defendant SunTrust Robinson Humphrey, Inc. ("Suntrust") underwrote Eventbrite's IPO.

41. Defendant Stifel, Nicolaus & Company, Incorporated ("Stifel") underwrote Eventbrite's IPO.

42. Defendants Goldman Sachs, J.P. Morgan, Allen, RBC, SunTrust, and Stifel are the "Underwriter Defendants."

EVENTBRITE ACQUIRES TICKETFLY, ATTEMPTS TO MIGRATE ITS CUSTOMERS, AND DISCOVERS THAT EVENTBRITE'S PLATFORM CANNOT MEET TICKETFLY'S CUSTOMERS' NEEDS

Former Employees

43. Former Employee 1 ("FE 1") was employed by Eventbrite between 2016 and June 2018, first as a Marketing Operations/Revenue Operations Analyst. FE 1's responsibilities were monitoring Eventbrite's sales pipeline and completing analysis such as forecasting, site traffic, and deals that need to close. FE 1's position came under the "marketing umbrella" of the Ticketing and Registration Business Unit. FE 1 attended quarterly meetings at each of which Eventbrite's Music Business Unit, which consisted primarily of Ticketfly's legacy operations, made 15-minute presentations. FE 1 worked in Eventbrite's San Francisco office and interacted socially with a

1 host of Ticketfly employees.

2 44. Former Employee 2 (“FE 2”) was a Ticketfly Senior Festival Success Specialist
3 from August 2011 through to November 2018. FE 2’s job was principally to sell Ticketfly’s
4 services to new and existing clients and to retain existing clients. FE 2 was familiar with
5 Eventbrite and Ticketfly’s services at all times because it was FE 2’s job to sell these services.

6 45. About 400 Eventbrite employees (including former Ticketfly employees) work out
7 of the Company’s San Francisco office located at 155 5th Street, 7th Floor, San Francisco, CA,
8 94103. Ticketfly’s corporate employees, including Dreskin, worked in Eventbrite’s offices. While
9 Eventbrite leases two floors of 155 5th Street to house its San Francisco office,³ during FE 1’s
10 tenure, Eventbrite subleased one of the floors it leased, so all Eventbrite employees worked on the
11 same floor. Accordingly, information spread easily and quickly to all Eventbrite and Ticketfly
12 employees like FE 1 and his colleagues.

13 ***Eventbrite’s Business***

14 46. Founded in 2006, Eventbrite hosts an online platform designed to help its
15 customers create live events. Eventbrite earns substantially all its income through its event
16 planning platform, which provides event creators with some of the resources they need to plan,
17 promote, and produce live events. Eventbrite’s platform provides some services outright, such as
18 printing tickets. Eventbrite’s platform will also put creators in touch with third parties for other
19 services, such as event security and email services. Eventbrite helps Customers put on live events
20 in 170 countries.

21 ***Ticketfly’s Business***

22 47. Founded in 2008, Ticketfly also assists Customers in planning and marketing live
23 events through a platform, among other things. Ticketfly limits its services to independent music
24 venues and festivals in North America.

25

26

27 ³ Lease By and Between University of the Pacific, a California nonprofit corporation As Landlord
28 and Eventbrite, Inc., a Delaware corporation as Tenant.
<https://www.sec.gov/Archives/edgar/data/1475115/000119312518255960/d593770dex101.htm>

1 ***Eventbrite Acquires Ticketfly***

2 48. In September 2017, Eventbrite acquired Ticketfly. In a September 1, 2017 press
3 release announcing the acquisition, Eventbrite made clear that a substantial purpose of the
4 acquisition was to acquire Ticketfly's Customers and relationships:

5 "The union of Eventbrite and Ticketfly changes the game for the music industry. Our
6 respective customers will benefit immensely from access to the best of what each company
7 brings to the table," said Julia Hartz, CEO and co-founder of Eventbrite. "Eventbrite's
8 proven track record of innovation and global scale combined with Ticketfly's deep
industry relationships and domain expertise is underpinned by a shared commitment to
independence, and unparalleled service to our customers."
9 [...]

10 Ticketfly works with over 1,800 of the top music promoters and venues across North
America, and will bring iconic names such as 9:30 Club, Bowery Ballroom, Troubadour,
11 and the Pitchfork Music Festival to Eventbrite's roster of marquee music customers
including Margin Walker Presents, Mohawk, Le Poisson Rouge and Newport Folk
12 Festival. Customers will not only benefit from the ticket-selling power of Eventbrite's
distribution strategy, which includes partners such as Facebook, Spotify, and Bandsintown,
13 but also from Ticketfly's full-service approach to digital marketing, and deep music
industry experience.

14 49. Eventbrite paid \$201.1 million for Ticketfly. It was, by a factor of five, the largest
15 acquisition in Eventbrite's history.

16 50. Ticketfly accounted for a material portion of Eventbrite's revenues. In 2016,
17 Ticketfly earned \$40.6 million in revenues, while Eventbrite earned \$133.5 million.

18 ***Eventbrite Discovers that Ticketfly Is Incompatible With Its Business***

19 *Eventbrite Is An Ecumenical Platform*

20 51. Eventbrite's platform is designed to serve a very large, very disaggregated market.
21 Eventbrite seeks to sell its services to anyone planning any sort of event nearly anywhere in the
22 world.

23 52. Eventbrite has four core markets, and they are diverse: festivals, music, registration
24 events such as conventions, and endurance events such as races. These four markets collectively
25 accounted for about 80% of its revenues during the Class Period.⁴ In 2017, the Music market
26 accounted for 358 million tickets, the Festivals market accounted for 437 million tickets,
27

28 ⁴ May 14, 2019 conference call organized by J.P. Morgan.

1 Registration accounted for 283 million, and Endurance accounted for 69 million.

2 53. Yet the diversity of its core markets does not capture the reach of Eventbrite's
3 services. Eventbrite services a diverse group of Customers using its single platform. Eventbrite's
4 Customers include the Department of Justice, the Oregon Air Show, and the March of Dimes for
5 Babies. Eventbrite's Customers also include restaurants, management consultants, hospitals, and
6 universities. Customers use Eventbrite to fill classrooms, races, and conferences.

7 54. Eventbrite provides a one-size-fits-all platform to these diverse Customers.
8 Eventbrite does not customize its offering for different regions, different events, or different
9 markets. According to Defendant Hartz, "[w]hat's unique about Eventbrite is we have aggregated
10 a very, very fragmented market."⁵

11 55. Further, Eventbrite's operations are spread around the world. In 2017, Eventbrite
12 helped conduct events in 170 countries.

13 56. Eventbrite targets its marketing principally to Customers who are not professional
14 event planners. Eventbrite gains market share by presenting itself to potential customers in two
15 principal ways. First, Eventbrite sells its Customers' tickets on its own website. Thus, when
16 Ticket Purchaser purchase their tickets to attend an Eventbrite Customer's event, they are exposed
17 to Eventbrite's services – providing Eventbrite with free advertising.

18 57. Second, Eventbrite offers a basic service for free to events that do not charge
19 admission. If Customers want a more comprehensive suite of services, or if they want to sell
20 tickets, Eventbrite offers paid services at various tiers.

21 58. These two forms of advertising are not designed to reach professional event
22 organizers but instead Customers who may never have created a paid event before. And indeed,
23 according to the Registration Statement, in 2017, about 95% of Eventbrite's customers, accounting
24 for about 54% of its revenues, signed themselves up on Eventbrite's platform without any targeted
25 marketing.

26 59. Eventbrite monetizes its Customers through three pricing plans: essentials,
27 professional, and premium. While each pricing plan provides a different set of features, Eventbrite

28 ⁵ May 14, 2019 conference call organized by J.P. Morgan.

1 does not offer custom features to its Customers.

2 *Ticketfly Only Operates in North America and Only Works With Independent Music*
 3 *Venues and Festivals*

4 60. Eventbrite faces essentially two different competitive markets. In most of its
 5 markets, it is the first truly large-scale online ticketing solution. Defendants stated in the
 6 Registration Statement and other SEC filings that Eventbrite's competition in those markets is
 7 "traditional solutions to event management, such as offline, internal or ad hoc solutions." It is so
 8 bereft of existing competitors in these markets that in these SEC filings, it resorts to naming
 9 potential competitors instead - "products offered by large technology companies that *may enter*
 10 the market" (emphasis added).

11 61. But the large, lucrative independent music venue in which it operates it operates,
 12 chiefly through Ticketfly, is completely different. The first company offering online ticketing in
 13 the independent music venue market, TicketWeb, was founded in 1996, and remains in business
 14 today, operating under the Ticketmaster brand. Ever since then, the market for ticketing solutions
 15 for independent music venues has been cutthroat. In addition to Ticketmaster, in the independent
 16 music venue market, Eventbrite faces competition from tickets.com, StubHub, VividSeats, and
 17 ShowClix, among many others. These competitors have invested – and continue to invest –
 18 heavily to entice professional event organizers to select them. Because the independent music
 19 venue market is competitive, independent music venues have many options to choose from and
 20 persuading them to hire Ticketfly rather than the competition requires a much more tailored
 21 products than Eventbrite offers in most of its markets.

22 62. The independent music venue market is nonetheless highly attractive. Eventbrite
 23 as a whole earned about approximately \$288 per Customer in 2017 to Ticketfly's \$22,553 per
 24 Customer in 2016.⁶

25 63. To successfully compete in the music venue market, Ticketfly provides its

26
 27 ⁶ The Registration Statement reported that Eventbrite had 700,000 Customers and revenues of
 28 \$201.6 million in 2017. The press release announcing Ticketfly's acquisition reported that
 Ticketfly had 1,800 Customers, and the Registration Statement reported that it earned \$40.6
 million in 2016.

1 Customers with individual software solutions and individual assistance. Thus, Ticketfly's website
2 looks different and provides different features for each Customer.

3 64. Ticketfly also provides its Customers with general features that are far superior to
4 Eventbrite's and difficult to duplicate.

5 65. Eventbrite's salespeople were only sales representatives. But according to Hartz,
6 "Ticketfly had a different model where their sales reps were also account managers."⁷

7 *Eventbrite Discovers that Migrating Ticketfly Customers Is A Daunting Task*

8 66. Long before the IPO, Eventbrite had discovered that migrating Ticketfly Customers
9 to Eventbrite's platform would be a monumental task.

10 67. According to FE 2, Eventbrite began attempting to migrate customers immediately
11 after the Ticketfly acquisition closed.

12 68. To support migration, Eventbrite attempted to determine which of Ticketfly's
13 features its Customers used. According to FE 2, within two months of Eventbrite had **every**
14 Ticketfly salesperson conduct a "gap analysis" for each of their customers who contributed more
15 than \$10,000 in gross income. These gap analyses aimed to rank Ticketfly functions the Customer
16 used which Eventbrite could not supply (gaps). As part of the gap analysis, Eventbrite supplied
17 Ticketfly's salespeople with a form that listed a series of gaps Eventbrite's management had
18 identified. Ticketfly salespeople were asked to check a box indicating whether the customer used
19 the feature Eventbrite could not offer. For every gap thus identified, Ticketfly's salespeople were
20 asked to evaluate on a ranked scale how important the missing service was to the Customer. The
21 salespeople's gap analysis submissions were compiled and collated in a document FE 2 called
22 "living" which was accessible to relevant Eventbrite and Ticketfly employees. FE 2 had access to
23 the gap analysis document and thus could view all his colleagues' gap analyses.

24 69. Ticketfly and Eventbrite took the gap analyses seriously. The effort put into the
25 gap analysis was huge. FE 2 spent about 5-8 hours preparing initial gap analyses. He spent **much**
26 more time updating the analyses as new Eventbrite features were rolled out.

27 70. Senior Ticketfly personnel were involved. FE 2 received several emails from

28 ⁷ May 14, 2019 conference call organized by J.P. Morgan.

1 Ticketfly Head of Operations Allison Brecklin checking on the status of his gap analysis. Brecklin
2 reports directly to Defendant Dreskin.

3 71. According to FE 2, the gap analysis identified glaring deficiencies in Eventbrite's
4 services, many of which would not be easy to remedy. First, when it was owned by Pandora,
5 Ticketfly was able to provide its Customers a 24-7 hotline for their Ticket Purchasers to call to
6 resolve issues. According to FE 2, since Pandora already provided a hotline, it cost little to extend
7 the service to Ticket Purchasers.

8 72. Unlike Pandora, though, Eventbrite does not have any ongoing telephone Customer
9 Support for Ticket Purchasers or for any purpose. Instead, it provides ad hoc customer support
10 services when trying to land large deals. Neither Ticketfly (because the service was provided by
11 Pandora) nor Eventbrite have any experience providing 24-hour customer Support services.
12 According to FE 1, the cost of providing customer support services for Ticket Purchasers would
13 be "astronomical."

14 73. Indeed, FE 1 reports that when he left in June 2018, Eventbrite was in the
15 beginning stages of attempting to develop a Ticket Purchaser hotline. As FE 1 learned through
16 conversations with Ticketfly employees, Eventbrite's engineers had not even figured out how to
17 authenticate Ticket Purchasers.

18 74. In his and others' gap analyses, FE 2 noted that "[e]very customer at Ticketfly
19 used" phone customer support and integrated email (see below). Indeed, according to FE 2, the
20 "customer support aspect" was "huge for our clients." Not only would Eventbrite provide
21 information to Ticket Purchasers, sparing the Customer from hiring its own representatives, but
22 Eventbrite would tactfully help with "difficult" Ticket Purchasers. Eventbrite did not provide any
23 Ticket Purchaser Support Services; rather, at Eventbrite, "the venues were on their own to deal
24 with customers."

25 75. Eventbrite's principal competitor, TicketWeb, offered both a Ticket Purchaser
26 support line and a live helpdesk at all relevant times. Eventbrite still does not offer Ticket
27 Purchaser support to this day.

28 76. According to FE 1, not only was Ticket Purchaser support provided to all Ticketfly

1 Customers, it was also written into most Ticketfly Customer contracts.

2 77. FE 2 reports that Ticketfly also provided a custom integrated email tool. The email
3 tool could automate marketing emails. FE 2 notes that Customers could use this tool to, for
4 example, send an automated weekly email to potential customers about upcoming events.
5 Ticketfly offered this tool to all Customers at no extra cost, and it was fully integrated into the
6 Ticketfly platform.

7 78. In contrast, FE 2 reports, Eventbrite provided its customers email services through
8 a third-party vendor, Emma. Emma was not integrated into the Eventbrite platform. Thus, for
9 email campaigns, Eventbrite Customers had to manage both an Emma and an Eventbrite account,
10 a time-consuming process. Moreover, Emma was expensive – according to FE 2, it could cost a
11 Customer more than \$10,000 per year.

12 79. Finally, Ticketfly offered Customers customizable fee schedules, which Eventbrite
13 did not. Ticketfly customers could break out the costs of the tickets however they wanted,
14 including service fees, facility and maintenance fees, and various taxes. This was important for
15 two reasons. First, while Ticketfly would separately identify federal, state, and municipal sales
16 taxes, Eventbrite would simply have an entry for “taxes” – leaving it to the Customer to separate
17 the check between the various government claimants. Second, by presenting Ticket Purchasers
18 with a detailed breakdown of what their dollars were paying for, Ticketfly’s Customers could
19 reassure Ticket Purchasers that their own fees were not extravagant.

20 80. In addition, FE 2 notes that “a lot of [Ticketfly] Customers expressed
21 dissatisfaction with the Eventbrite platform.” FE 2 notes that many of Eventbrite’s features,
22 designed for small Customers, are a poor fit for Ticketfly’s business. For example, at all relevant
23 times, there was a section in every page for every event on Eventbrite advertising other similar
24 events (currently titled “Other Events You May Like”). These advertisements consist largely of
25 advertisements for the Customer’s competitors, as they are the ones who offer similar events.
26 Eventbrite’s Customers typically are small and individually have no impact on the market. For
27 example, an Eventbrite Customer might be a band that puts on occasional shows. If the band puts
28 on a show on the 5th of October, say, advertising that a different band is putting a show on

1 December 4th does not harm the band. But Ticketfly's Customers are professional venues - repeat
 2 players who compete directly for customers. A Ticketfly Customer with a show on October 5 very
 3 likely has a show on December 4 (or at least has shows that week). Thus, advertising a
 4 competitor's December 4 show on the Ticketfly Customer's October 5 event page conflicts with
 5 the Customer's own December 4 show. Thus, advertising for competitors on Ticketfly's
 6 Customers' page directly harms the Customers.

7 81. Ticketfly's Customers met requests to migrate to Eventbrite with skepticism.
 8 Eventbrite had been Ticketfly's closest competitor. Ticketfly's salespeople, including FE 2, had
 9 geared their sales pitches to pointing out flaws in Eventbrite's platform and explaining how
 10 Ticketfly's was better. Ticketfly's Customers had chosen Ticketfly because the pitch worked. FE 2
 11 and other Ticketfly salespeople had told Customers it was "crazy" to allow advertising for
 12 competitors on their own event pages, as Eventbrite did. Yet once Eventbrite acquired Ticketfly,
 13 these same salespeople had to return to these same Customers – often the very same employees –
 14 and tell them that advertising competitors on the Customer's own page was a good thing.
 15 According to FE 1 and FE 2, the pitch rarely worked. FE 1 stated that salespeople "had no trust
 16 with their clients" while FE 2 observed that they lost much credibility with their clients by having
 17 to make the pitch. Customers who were convinced that advertising competitors harmed their
 18 business could switch to TicketWeb, among others, as it does not advertise competitors' events on
 19 the Customer's own event page.

20 82. For all these reasons, by the time FE 2 left in November 2018, very few of his
 21 customers had migrated to Eventbrite.

22 ***Eventbrite Botches the Migration***

23 *Eventbrite Alienates Ticketfly's Salespeople*

24 83. According to FE 1, Ticketfly's engineers received very favorable terms that left
 25 them "happy and content." But, FE 1 said, Ticketfly's salespeople did not receive similar
 26 favorable treatment.

27 84. As Eventbrite discovered, however, these salespeople were critical.

28 85. Migrating Customers is not a technically difficult task. The difficult part is

1 convincing the Customers to migrate. Ticketfly's Customers use it because of its bespoke attention
2 to their particular needs, while Eventbrite is one-size-fits-all. Accordingly, to migrate customers
3 from Ticketfly to Eventbrite, Eventbrite depended critically on Ticketfly's salespeople to convince
4 Customers that Eventbrite would address their needs.

5 86. Yet Eventbrite's actions convinced Ticketfly's salespeople that they had no future
6 at Eventbrite.

7 87. First, according to FE 1 and FE 2, rather than have Ticketfly's salespeople attempt
8 to sell Ticketfly or Eventbrite to new customers, Eventbrite limited these salespeople's jobs to
9 retaining existing customers and migrating them to Eventbrite. As FE 2 explains, "My job [at
10 Eventbrite] was just to retain customers." While Ticketfly salespeople's job had included retaining
11 Customers, FE 2 explains that meeting new clients and selling services had always been part of his
12 job. Adding to FE 2's frustration, and as set out above, FE 2's efforts strained his credibility with
13 existing clients. Indeed, FE 1 notes that the Ticketfly salespeople "were being asked to retain
14 customers for a platform they weren't good at." In light of their diminished responsibility and the
15 positions Eventbrite was asking them to take with Customers, FE 2 and other Ticketfly
16 salespeople suspected that Eventbrite intended to fire them after they had finished migrating
17 Customers.

18 88. Second, according to FE 1 and FE 2, Eventbrite refused to accommodate
19 Ticketfly's different culture. Eventbrite is made up of tech industry professionals who may (or
20 may not) have an interest in music or in the other types of events Eventbrite helped host. But
21 Ticketfly's employees were music industry professionals who loved music. Many Ticketfly
22 employees could play musical instruments.

23 89. According to FE 1, one of Ticketfly's beloved traditions was a jam room in which
24 employees could go to play musical instruments. Because Eventbrite was moving Ticketfly
25 employees into its own offices, in or before October 2017, Defendant Hartz promised to Ticketfly
26 employees that Eventbrite would transform a conference room into a new jam room to replace the
27 jam room they were leaving behind. To Ticketfly employees, the ability to occasionally play
28 musical instruments at work meant a lot. Yet by the time FE 1 left in June 2018, Eventbrite had

1 not even designated a conference room to serve as jam room. Further, based on conversations FE 1
2 had with former colleagues after he left Eventbrite's employ, it took 18 months for Eventbrite to
3 provide the jam room. According to FE 1, Ticketfly employees frequently complained that
4 Eventbrite had not provided them with a jam room, as promised.

5 90. According to FE 1, Ticketfly employees also had a tradition of celebrating each
6 employee's five-year work anniversary by making and hanging a velvet painting of the employee.
7 The tradition was deeply embedded in Ticketfly, and the paintings only cost a few thousand
8 dollars. But Eventbrite discontinued this tradition, too. Eventbrite did not even display in its own
9 offices those velvet paintings which had been hanging in Ticketfly's old offices.

10 91. Eventbrite's discontinuing Ticketfly traditions worried Ticketfly employees, who
11 thought that Eventbrite might not care about their morale because it intended to fire them shortly.
12 According to FE 1, as a result of their treatment by Eventbrite, Ticketfly's salespeople became
13 "disgruntled."

14 92. By treating Ticketfly salespeople as afterthoughts, Eventbrite convinced them they
15 had no future with Eventbrite. Accordingly, many of them left. FE 1 reports that departures
16 reached a "tipping point" by about 6 months after the acquisition, or early 2018.

17 *Eventbrite Alienates Ticketfly's Customers and Ticket Purchasers*

18 93. To save costs, Eventbrite did not hire additional information security employees
19 when it acquired Ticketfly. Further, according to FE 1, Ticketfly did not have an in-house
20 information security team. Rather, Ticketfly had relied on Pandora's security department. Thus,
21 after the Ticketfly acquisitions, the Eventbrite information security team's workload increased
22 significantly, but Eventbrite did not hire any more employees to help.

23 94. On May 31, 2018, Ticketfly's platform was hacked. The hacker stole 27 million
24 Ticketfly Ticket Purchasers' names, telephone numbers, addresses, username, and passwords.
25 Because of the hack, Ticketfly Ticket Purchasers had to change their passwords. Moreover,
26 because people often reuse usernames and passwords on the internet, the hack exposed Ticket
27
28

Purchasers to further hacks.⁸

95. Eventbrite's negligent failure to provide security alienated many Customers, who left the platform, and Ticket Purchasers.

DEFENDANTS MADE MISLEADING STATEMENTS AND OMISSIONS IN THE REGISTRATION STATEMENT

96. On September 18, 2018, the Company filed its final amendment to the Registration Statement with the SEC on Form S-1/A, which forms part of the Registration Statement. The Registration Statement was declared effective on September 19, 2018.

97. On September 20, 2018, the Company filed its prospectus on Form 424B4 with the SEC, which forms part of the Registration Statement. In the IPO, the Company sold 11.5 million shares of common stock at a price of \$23.00 per share. The Company received proceeds of approximately \$246.0 million from the Offering, net of underwriting discounts and commissions.

98. The Registration Statement was negligently prepared and, as a result, made untrue statements of material facts or omitted to state other facts necessary to make the statements made not misleading, and was not prepared in accordance with the rules and regulations governing its preparation.

99. Regulation S-K required Defendants to describe, in the Registration Statement, "any known trends or uncertainties that have had or that the registrant reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations." 17 C.F.R. § 229.303(a)(3)(ii).

100. In both 2016 and 2017, Ticketfly earned revenues of roughly one third as much as Eventbrite. Eventbrite sought to migrate Ticketfly's customers onto its platform. All other things being equal, Ticketfly customers would account for about one quarter of Eventbrite and Ticketfly's combined revenues.

⁸ Reusing Passwords on Multiple Sites, <https://www.cisecurity.org/blog/reusing-passwords-on-multiple-sites/>

1 101. Whether Eventbrite would be able to migrate Ticketfly's Customers was a material
 2 uncertainty. At the time of the IPO, Defendants were aware of facts showing that Eventbrite
 3 would not be able to successfully migrate Ticketfly Customers, but negligently prepared the
 4 Registration Statement omitting these material facts.

5 102. Under "Our Growth Strategy," the Registration Statement provided in relevant part:

6 *Selectively Acquire Businesses Focused on Serving Creators. We have been successful*
 7 *leveraging our platform to make selective acquisitions that have contributed to creator*
 8 *and revenue growth. We accelerated our momentum through the acquisitions of*
 9 *ticketscript and Ticketfly. By finding like-minded teams who share a common ethos*
 10 *around serving creators, we can continue to expand and offer new capabilities to*
 11 *existing creators. The modularity and extensibility of our platform enables us to quickly*
 12 *integrate and migrate creators to the Eventbrite platform, allowing us to quickly*
 13 *deprecate the acquired technology and associated costs.*

(emphasis added).

14 103. Since Ticketfly was by a factor of five Eventbrite's largest acquisition, investors
 15 would have understood these statements to refer primarily to Eventbrite's integration and
 16 migration of Ticketfly's Customers onto Eventbrite's platform. Yet Eventbrite's platform's
 17 modularity and extensibility did not enable such quick integration and migration because
 18 Eventbrite's platform did not include, and could not be extended to include, sufficient features to
 19 attract Ticketfly Customers, such as 24-7 Ticket Purchaser support, email integration, and fee
 20 expensing. Accordingly, the emphasized statements gave the misleading impression that the
 21 Ticketfly migration was successful, though it was not.

22 **EVENTBRITE REVEALS UNEXPECTED DELAYS, ADDITIONAL EXPENSES, AND**

23 **CUSTOMER LOSSES IN THE TICKETFLY MIGRATION**

24 104. On March 7, 2019, post-market, the Company published a letter to shareholders
 25 and held a conference call to provide its fourth quarter 2018 financial results ("Q4 2018
 26 Shareholder Letter" and "Q4 2019 Call").

27 105. In the Q4 2019 Shareholder Letter, Defendants admitted:

28 Since we last updated you, we have made substantial progress toward integration
 and migration of Ticketfly creators. We made a deliberate decision when we
 acquired the company to integrate it into the Eventbrite platform, which made for a
 more complex and time-consuming integration process. *During this process, our*
team has been focused on migrating existing customers, which creates
tremendous value for our business but does not result in near-term revenue

1 **growth.** We believe in this strategy because it will enable us to build the leading,
2 global independent music platform.

3 We anticipate finishing the last integration work to support creator migration in the
4 second quarter of 2019. In the second half of the year we aim to complete creator
5 migration and sunset the Ticketfly platform. ***Therefore, we believe that growth
6 rates of our North American music business will begin to accelerate by early
7 2020.***

8 (Emphasis added.)

9 106. In the Q4 2018 Earnings Call, Defendants disclosed that in the North American
10 music segment, growth was slow because “if you’re timing your activities to align with the
11 creators, it requires some patience,” adding that “if you have a team that you’re asking to focus on
12 those creators first and foremost, there’s growth consequences. They just aren’t spending as much
13 time growing the business.”

14 107. Defendants also admitted that “certainly relative to where we were talking over the
15 summer of last year [we] have taken longer than we planned” in migrating Ticketfly Customers.

16 108. The Company also stated that migration headwinds would offset “continued growth
17 self-sign-on and international for the first quarter of 2019.” The Company forecast first quarter
18 2019 revenue between \$80.0 and \$84.0 million, but in the week leading to March 7, two analysts
19 had predicted Q1 2019 revenues of \$90 million based on the Company’s prior statements.

20 109. On this news, the Company’s share price fell \$7.96, or over 24%, to close at \$24.46
21 on March 8, 2019, on unusually high trading volume.

22 110. All three big-firm analysts covering Eventbrite attributed the March 8 stock drop to
23 the announcement of problems with the integration of Ticketfly:

24 a. A March 7, 2018 JP Morgan analyst report explained that “EB’s 1Q revenue guide
25 of \$80M-84M even at the high-end was 6% / 8% below our / consensus estimates
26 & is weighed by Ticketfly migration being pushed into 2019.” The report also
27 stated that “But slower [near-term] growth from ongoing migration should weigh
28 on [Eventbrite] shares [near-term] & we remain Neutral rated.

b. A March 21, 2018 Suntrust Robinson report attributed “substantial volatility over
the near-term, as the company and the stock need to sort out execution issues/risks

1 related to the on-going migration/integration of Ticketfly.” Suntrust Robinson also
2 maintained its rating of Hold in light of these execution issues and risks.

3 c. A March 22, 2018 RBC report explained that “[t]he greater than expected challenge
4 in migrating over the acquired Ticketfly customer base onto the [Eventbrite]
5 platform drove the materially weaker than expected Q1 outlook that rocked the
6 shares two weeks ago.”

7 111. On March 7, 2019, Eventbrite provided revenue guidance of \$80 million to \$84
8 million for Q1 2019. All three of the big firm analysts covering Eventbrite expected revenues in
9 the top half of the range Eventbrite provided. RBC estimated revenues of \$82.3 million, SunTrust
10 Robinson \$82.8 million, and JP Morgan estimated revenues of \$82.4 million.

11 112. On May 1, 2019, Eventbrite published its letter reporting on, and held its
12 conference call to discuss, Q1 2019 earnings (“Q1 2019 Shareholder Letter” and “Q1 2019 Call”).

13 113. In the Q1 2019 Shareholder Letter, Eventbrite announced Q1 2019 revenues of
14 \$81.3 million, or in the bottom half of the range and well below analysts’ estimates. Notably,
15 Eventbrite had provided the guidance more than two thirds of the way through Q1 2019.

16 114. In the Q1 2019 Shareholder Letter, Defendants admitted that in connection with the
17 Ticketfly integration and migration, Eventbrite “will continue to face hurdles that will inhibit
18 revenue growth, including the focus on migration efforts and the churn from venues that decide
19 not to migrate to our platform.”

20 115. On the Q1 2019 Call, Defendants attributed poor Q1 2019 results to the Ticketfly
21 migration. Defendant Hartz stated:

22 We took on a substantial challenge when we acquired Ticketfly and spent time and
23 resources to address the product demands and competitive landscape. This resulted
24 in a complex and consuming integration process. Internally, resources dedicated to
25 Ticketfly has been primarily focused on integrating existing revenues as opposed
26 to delivering net new growth.

27 116. Eventbrite also guided to Q2 2019 revenues of \$74 million to \$78 million, again
28 citing the Ticketfly integration. In the week leading up the call, all three analysts had estimated Q2
2019 revenues above the top of the range, with SunTrust Robinson estimating \$83.1 million, JP

1 Morgan estimating \$82.3 million, and RBC estimating \$78.1 million.

2 117. On this news, Eventbrite's share price fell \$6.55 per share, or over 27%, to close at
3 \$17.60 per share.

4 118. Analysts attributed the stock drop to the Ticketfly integration:

5 a. A May 1, 2019 RBC analyst report explained that "All in, fundamentals were
6 negative, with revenue deceleration as the company continues to face headwinds
7 from Ticketfly platform integration and migration." A later RBC April 29 report
8 explained that "We note that 1Q19 guidance on 3/7 was below consensus due to a
9 delay in migrating Ticketfly creators onto Eventbrite."

10 b. A May 1, 2019 SunTrust Robinson analyst report titled "Poor Visibility into
11 Ticketfly Migration Keeps Us at Hold/[price target] to \$20" explained that "*The*
12 *weaker guide is again largely due to a more challenging migration of Ticketfly*
13 *creators, which won't be completed until sometime in 2H19, and is likely to lead to*
14 *higher churn.*"

15 c. A May 2 JP Morgan analyst report titled "Ticketfly Migration & FX Weigh on 1Q
16 Results & 2Q Guide; Remain Neutral & [price target] to \$19" explained that
17 "Ticketfly migration will remain a headwind in 2Q, but the impact appears worse
18 than what we previously expected."

19 d. A June 17 William Blair analyst report initiating coverage on Eventbrite explained
20 that "**Tempered Expectations After Swallowing a (Ticket)fly**. Shares have sold
21 off about 60% from their highs on a lower-than-expected near-term growth
22 outlook, as resources have been diverted to ensure creator migration from the
23 Ticketfly platform onto Eventbrite's." (emphasis in original).

24 **SECURITIES ACT CLASS ACTION ALLEGATIONS**

25 119. Plaintiffs bring this action as a class action pursuant to Federal Rule of Civil
26 Procedure 23(a) and (b)(3) on behalf of a class, consisting of all persons and entities that
27 purchased or otherwise acquired Eventbrite securities issued in connection with, or pursuant or
28 traceable to, the Company's IPO Registration Statement. Excluded from the Class are

1 Defendants, the officers and directors of the Company, at all relevant times, members of their
2 immediate families and their legal representatives, heirs, successors, or assigns, and any entity in
3 which Defendants have or had a controlling interest.

4 120. The members of the Class are so numerous that joinder of all members is
5 impracticable. Throughout the Class Period, Eventbrite's common shares actively traded on the
6 NYSE. While the exact number of Class members is unknown to Plaintiffs at this time and can
7 only be ascertained through appropriate discovery, Plaintiffs believe that there are at least
8 hundreds or thousands of members in the proposed Class. Hundreds of millions of Eventbrite
9 common shares were traded publicly during the Class Period on the NYSE. Record owners and
10 other members of the Class may be identified from records maintained by Eventbrite or its transfer
11 agent and may be notified of the pendency of this action by mail, using the form of notice similar
12 to that customarily used in securities class actions.

13 121. Plaintiffs' claims are typical of the claims of the members of the Class as all
14 members of the Class are similarly affected by Defendants' wrongful conduct in violation of
15 federal law that is complained of herein.

16 122. Plaintiffs will fairly and adequately protect the interests of the members of the
17 Class and have retained counsel competent and experienced in class and securities litigation.

18 123. Common questions of law and fact exist as to all members of the Class and
19 predominate over any questions solely affecting individual members of the Class. Among the
20 questions of law and fact common to the Class are:

21 (a) whether the federal securities laws were violated by Defendants' acts as alleged
22 herein;

23 (b) whether statements made by Defendants to the investing public during the Class
24 Period omitted and/or misrepresented material facts about the business, operations, and prospects
25 of Eventbrite; and
26

27 (c) to what extent the members of the Class have sustained damages and the proper
28 measure of damages.

124. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation makes it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

SECURITIES ACT CLAIMS

FIRST CLAIM Violation of Section 11 of the Securities Act (Against All Defendants)

125. Plaintiffs repeat and re-alleges each and every allegation contained above as if fully set forth herein.

126. This Count is brought pursuant to Section 11 of the Securities Act, 15 U.S.C. § 77k, on behalf of the Class, against the Defendants.

127. The Registration Statement for the IPO was inaccurate and misleading, contained untrue statements of material facts, omitted to state other facts necessary to make the statements made not misleading, and omitted to state material facts required to be stated therein.

128. Eventbrite is the registrant for the IPO. The Defendants named herein were responsible for the contents and dissemination of the Registration Statements.

129. As issuer of the shares, Eventbrite is strictly liable to Plaintiffs and the Class for the misstatements and omissions.

130. None of the Defendants named herein made a reasonable investigation or possessed reasonable grounds for the belief that the statements contained in the Registration Statements were true and without omissions of any material facts and were not misleading.

131. By reasons of the conduct herein alleged, each Defendant violated, and/or controlled a person who violated Section 11 of the Securities Act.

132. Plaintiffs acquired Eventbrite shares pursuant and/or traceable to the Registration Statement for the IPO.

133. Plaintiffs and the Class have sustained damages. The value of Eventbrite common

stock has declined substantially subsequent to and due to the Defendants' violations.

SECOND CLAIM

Violation of Section 15 of the Securities Act (Against the Securities Act Individual Defendants)

134. Plaintiffs repeat and re-allege each and every allegation contained above as if fully set forth herein.

135. This count is asserted against the Securities Act Individual Defendants and is based upon Section 15 of the Securities Act.

136. The Securities Act Individual Defendants, by virtue of their offices, directorship, and specific acts were, at the time of the wrongs alleged herein and as set forth herein, controlling persons of Eventbrite within the meaning of Section 15 of the Securities Act. The Securities Act Individual Defendants had the power and influence and exercised the same to cause Eventbrite to engage in the acts described herein.

137. By virtue of the conduct alleged herein, the Securities Act Individual Defendants are liable for the aforesaid wrongful conduct and are liable to Plaintiffs and the Class for damages suffered.

EXCHANGE ACT CLAIMS

138. Plaintiffs bring the Exchange Act claims on behalf of persons who purchased or otherwise acquired Eventbrite securities during the Class Period of September 20, 2018 to May 1, 2019, inclusive.

139. By the time of the IPO, Defendants knew or were reckless in not knowing that (a) Ticketfly's Customers were delaying migration, and (b) a material number of Ticketfly Customers were likely to not migrate to Eventbrite's platform because it did not meet their needs. Defendants' false statements to the contrary, both in the Registration Statement and at other times during the Class Period, were made with scienter.

SUMMARY OF THE EXCHANGE ACT CLAIMS

140. In acquiring Ticketfly, Eventbrite took on financial obligations it could not hope to meet without an IPO. These obligations included a \$75 million loan at an onerous interest rate and

1 dividend-paying convertible preferred shares which would quickly dilute existing shareholders
2 while also making any IPO even more dilutive.

3 141. A quick IPO at a sufficiently high price would solve these two problems
4 automatically. Eventbrite was negotiating replacement loans at much lower interest rates that were
5 contingent on its going public and the dividend-bearing convertible shares would pursuant to their
6 terms automatically be converted to common stock in the IPO.

7 142. Eventbrite's executives received extensive information through daily and weekly
8 meetings with employees, as well as written memoranda including gap analyses. Through these
9 contacts, Defendants learned the very facts they concealed from investors.

10 143. While Defendants did not disclose to investors that the migration was going poorly,
11 they took steps to protect their own finances. A month before the IPO, Dreskin (head of the
12 Eventbrite business unit that included Ticketfly) renegotiated his bonus contract. Before, the
13 modification, the bonus had depended entirely on the percentage of Ticketfly Customers Dreskin
14 *migrated* to Eventbrite. After, it depended entirely on the percentage of Ticketfly Customers
15 Dreskin *retained*.

16 144. Defendants plainly knew, or were reckless in not knowing, that the Ticketfly
17 migration was failing. Dreskin would keep close track of the migration process because until a
18 month before the IPO it alone determined his bonus. By fixing Dreskin's bonus to the number of
19 Customers migrated, Hartz and Befumo made clear that they valued and therefore closely watched
20 migration – and by renegotiating Dreskin's bonus contract showed they knew that the migration
21 was failing.

22 ***By the Summer of 2018, Eventbrite Had Taken On Financial Obligations It Could Not***
23 ***Discharge Without An IPO***

24 145. Hartz, Kevin Hartz, and a third party founded Eventbrite. Before the IPO, they held
25 almost 17% of Eventbrite's shares (chiefly through super-voting Class B common stock).

26 146. Eventbrite traditionally funded itself through debt and issuing convertible preferred
27 stock.

28 147. To pay for Ticketfly, Eventbrite stretched its financial resources beyond their

1 breaking point. Eventbrite took on \$75 million of debt at a weighted average compounding interest
2 rate of about 11.7%. Annual interest payments reached nearly \$9 million, with principal payments
3 starting in September 2019.

4 148. Eventbrite also issued more than 8 million units of a new series of convertible
5 preferred stock, Series G, for net proceeds of \$133.9 million. Series G, unlike previous series,
6 would automatically earn annual compounding dividends at 8% beginning January 1, 2019. These
7 compounding dividends would add more than 640,000 Series G convertible preferred shares every
8 year until Eventbrite held its IPO, thus diluting existing shareholders. Moreover, Eventbrite was
9 unlikely to secure financing on better terms than the Series G convertible preferred stock.

10 149. The solution to both problems was an IPO. At the time of the IPO, Eventbrite was
11 negotiating new loans of \$150 million at interest rates of about 5% which would enable Eventbrite
12 to retire its existing loans. The loans were contingent on completion of the IPO. And conducting
13 the IPO would automatically convert the Series G convertible preferred stock, avoiding the burden
14 of increasing dividends.

15 150. Thus, Eventbrite had to complete its IPO to escape a looming death spiral.

16 *Eventbrite Takes On Large Loans On Onerous Terms To Finance the Ticketfly*
17 *Acquisition*

18 151. To finance the Ticketfly acquisition, Eventbrite borrowed \$30.0 million from a
19 secured credit facility of up to \$60.0 million with Western Technology Investments (“WTI”). The
20 loan bore interest at a rate of 11.5%, compounding. Principal payments were due to begin by
21 September 2019. Eventbrite also issued a \$50.0 million subordinated note to Ticketfly’s owner,
22 Pandora (the “Note”).

23 152. In March 2018, Eventbrite retired the Note for \$33.0 million. Eventbrite funded the
24 transaction by borrowing an additional \$30.0 million from the WTI facility at 11.75% interest,
25 with principal payments due to begin in March 2020. Eventbrite’s borrowing maxed out the WTI
26 facility.

27 153. In May 2018, entered into an additional \$15.0 million credit facility with WTI, with
28 principal payments due to begin in May 2020. Eventbrite immediately borrowed the entire amount

1 at an interest rate of 12.0%.

2 154. To secure the loans, Eventbrite also issued to WTI warrants to purchase 933,269
3 shares of Series G redeemable convertible preferred stock at \$16.38 per share.

4 155. The WTI facilities risked placing Eventbrite into a death spiral. Eventbrite faced
5 annual interest payments of almost \$9 million. Banks would only offer loans on increasingly
6 onerous terms, as shown by the steady increase in the interest rates Eventbrite had to pay for its
7 financing. And Eventbrite would have to begin to repay the credit facilities in September 2019.

8 156. At the time of the IPO, Eventbrite was negotiating a total of \$150.0 million in new
9 loans bearing interest at roughly 5%. These loans consisted of a new syndicated \$75 million term
10 (“Credit Agreement”) as well as a new revolving credit facility in aggregate principal amount of
11 \$75 million (“Credit Facility”) (“New Loans”). Both are set out in a Credit Agreement dated
12 September 27, 2018, to replace the WTI Facility. The New Loans’ issuance depended on
13 Eventbrite completing its IPO and maintaining its status as a public company.⁹

14 *Eventbrite’s Convertible Preferred Stock Threatened To Dilute Eventbrite’s*
15 *Shareholders*

16 157. Eventbrite also traditionally used convertible preferred stock to finance itself.
17 Eventbrite’s Series A through F-1 convertible preferred stock did not accrue dividends.

18 158. In August 2017, Eventbrite issued 8.2 million convertible preferred shares of its
19 new Series G. Unlike earlier issues, the Series G would accrue compounding dividends at 8%,
20 payable in additional Series G convertible preferred stock, beginning January 1, 2019. The Series
21 G convertible preferred stock would accrue additional dividends of 656,000 in 2019, rising each
22 year as the dividends compounded.

23 159. Having already issued convertible preferred stock that accrued dividends that
24 diluted existing shareholders, Eventbrite would not obtain financing on better terms.

25 160. All of Eventbrite’s convertible preferred stock would automatically convert to
26 freely tradeable Eventbrite common stock upon an Eventbrite IPO. Series G stock would convert
27 to stock at one common share per convertible share if the IPO price met or exceeded that \$24.58.

28 ⁹ Credit Agreement dated September 27, 2018, Section 4.01(b).

1 If the IPO price fell below \$24.58, the Series G stock would receive compensating adjustments
 2 such that they received \$24.58 worth of common stock for every Series G convertible preferred
 3 share. Thus, for example, if the IPO price were \$12.29 (half of \$24.58), each Series G convertible
 4 preferred share would convert into two shares of common stock.

5 161. Thus, as time passed: (a) Eventbrite would dilute shareholders as it paid dividends
 6 on existing Series G convertible shares; (b) Eventbrite's financial performance would deteriorate
 7 because of its crippling interest payments; (c) Eventbrite's deteriorating financial condition would
 8 also dilute shareholders as it reduced the IPO price, thus increasing the number of common shares
 9 Eventbrite must issue to Series G convertible preferred shareholders. Moreover, all of these
 10 problems arose from Eventbrite's financing of the Ticketfly acquisition. There was thus a special
 11 connection between the facts concealed in the IPO and Defendants' false statements.

12 ***Defendants Actually Knew Facts Showing Their Statements Were False***

13 *A Month Before the IPO, Defendants Amend Dreskin's Contract To Target*
 14 *Ticketfly Customer **Retention** Rather Than **Migration***

15 162. Defendants knew or were reckless in not knowing that Eventbrite was failing at
 16 migrating Ticketfly Customers to Eventbrite and took measures to preserve their personal financial
 17 positions.

18 163. In April 2018, Defendant Dreskin – the head of the Eventbrite Music Business Unit
 19 which includes Ticketfly – entered into a contract with Eventbrite setting targets he needed to
 20 reach to be entitled to a 2018 bonus.¹⁰ The sole variable for his bonus was the percentage of
 21 revenues Dreskin was able to migrate from Ticketfly to Eventbrite. Dreskin would receive a
 22 maximum bonus of \$500,000 if he migrated 90% of Ticketfly's revenues to Eventbrite. That
 23 bonus decreased by \$25,000 for every percentage point short of 90%, such that if Dreskin
 24 migrated 70% or less of Ticketfly's customers, he would not be entitled to any bonus.

25 164. Four months later, on August 23, 2018, the parties amended Dreskin's bonus plan.
 26 The bonus amount remained the same. But Dreskin's amended bonus plan did not depend on how

27 _____
 28 ¹⁰ Andrew Dreskin's Executive Bonus Plan, available at
<https://www.sec.gov/Archives/edgar/data/1475115/000119312518255960/d593770dex106.htm>

1 much revenue Dreskin *migrated* to Eventbrite, but instead on how much Ticketfly revenue
 2 Dreskin *retained*.¹¹

3 165. Eventbrite amended Dreskin’s bonus plan because it was plain in August 2018 that
 4 Dreskin would not receive any bonus under the old plan because he would not be able to migrate
 5 70% of Ticketfly’s revenues to Eventbrite.

6 166. Between April and August 2018, Dreskin’s bonus depended entirely on the number
 7 of customers he migrated to Eventbrite. Accordingly, Dreskin would have kept track of that
 8 number.

9
 10 *Hartz Learned That Migration Had Failed*

11 167. In January 2019, Hartz appeared on a well-known podcast with Reid Hoffman,
 12 Masters of Scale. In each podcast, Mr. Hoffman interviews a successful tech founder who explains
 13 the largest reason their company succeeded.

14 168. Hartz’s episode was titled *Let Your Customers Be Your Scouts*. As Mr. Hoffman
 15 summarized, Hartz “maintained extremely rapid feedback loops as [her] company scaled” which
 16 enmeshed Hartz in understanding and responding to Customer concerns and trends. As Mr.
 17 Hoffman summarized, Hartz “watch[ed] the influx of new customers [to] point [Eventbrite]
 18 towards their next initiative.” And as Hartz stated, “simply observing your customers [] is the
 19 cornerstone of” Eventbrite. Eventbrite, and Hartz personally, even attended events to speak to
 20 event organizers, soliciting event-planning problems so they could incorporate solutions into the
 21 Eventbrite platform.

22 169. To solicit information about Customer needs, Hartz personally holds several
 23 regular meetings with Eventbrite employees of various levels and specializations. Hartz’s
 24 interview with Reid Hoffman mentions daily meetings with employees called Mini Hearts-to-
 25 Hartz sessions (“Daily Meetings”). In these meetings, a cross-section of 8-10 employees from
 26 different departments speak directly to Julia Hartz by videoconference for 30 minutes. In the

27
 28 ¹¹ Andrew Dreskin’s Executive Bonus Plan, available at
<https://www.sec.gov/Archives/edgar/data/1475115/000119312518255960/d593770dex106.htm>

1 Daily Meetings, employees are encouraged to bring forward difficult issues they are facing and to
2 have the group reflect on how to resolve them.

3 170. But Hartz also holds weekly in-person/video town hall meetings with all
4 employees, also called Hearts-to-Hartz (“Weekly Town Halls”). Eventbrite encourages its
5 employees to anonymously submit questions for Weekly Town Halls. These questions are
6 provided to Hartz, who then answers a selection of them at the Weekly Town Halls.

7 171. FE 2 reported that “A lot of us submitted questions essentially asking ‘why would
8 our clients want to move over?’” to the Weekly Meetings. FE 2’s questions pointed to the
9 difficulties he had had in persuading customers to migrate. FE 2 specifically remembers
10 submitting at least one such question before the IPO. But Hartz ignored FE 2’s and his colleagues’
11 questions on this issue. Hartz never answered FE 2’s or his colleague’s questions.

12 172. Hartz also kept informed of developments in the Ticketfly migration through
13 regular meetings with subordinates.

14 173. FE 1 works on the same floor as Eventbrite’s boardroom, and reports that Hartz
15 also holds bi-weekly meetings in that boardroom with her direct reports, including Dreskin.

16 174. Further, gap analyses referenced above were disseminated to senior management,
17 including at least Eventbrite CEO Julia Hartz, CFO Randy Befumo, and head of the music
18 operations which include Ticketfly, Andrew Dreskin. These gap analyses showed that Ticketfly’s
19 Customers demanded features Eventbrite’s platform did not provide and could not easily be
20 amended to provide.

21 **DEFENDANTS MAKE ADDITIONAL FALSE AND MISLEADING STATEMENTS**
22 **DURING THE CLASS PERIOD**

23 175. In addition to the false and misleading statements and omissions made in the
24 Registration Statement, Defendants made additional false statements during the Class Period.

25 176. On November 12, 2018, after markets closed, Defendants published a letter
26 addressed to shareholders concerning Eventbrite’s Q3 2018 results (“Q3 2018 Shareholder
27 Letter”).

28 177. Defendants Hartz and Befumo signed the Q3 2018 Shareholder Letter.

178. Therein, Defendants introduced a new Eventbrite program, Eventbrite Music, which purportedly would make Eventbrite more attractive to independent music venues and festivals, particularly Ticketfly's customers.

179. In the Q3 2018 Shareholder Letter, Defendants stated:

Eventbrite Music is purpose-built with the unique challenges of the music business in mind. It's designed to give independent venues and festivals the tools and expertise they need to grow their businesses, sell out their shows, build their brands, amplify their reach and deliver a great fan and artist experience. *This solution helps music creators stay one step ahead of the technology curve by streamlining many important marketing and operations tools into a single platform, helping to provide clarity and control of their music.*

Eventbrite Music includes a specialized event creation workflow that supports key elements of the music business, including the input of detailed artist and performance information and the ability to set up automated publishing for hundreds of events to be released on a pre-set schedule. *We also offer enhanced marketing capabilities, streamlined checkout experience and mobile box office capabilities.* [...]

We believe the people at the heart of the independent music scene partner with Eventbrite because we support them, speak their language and help grow their business.

180. Defendants' statements were misleading because: (a) Eventbrite Music's capabilities were actually a technological step back from what Ticketfly offered, in that Ticketfly provided customer support, email marketing capabilities, and fee breakdowns, among other things, which Eventbrite's platform could not offer; (b) Eventbrite Music's marketing capabilities were not an enhancement over Ticketfly's because Ticketfly provided customer support, email marketing capabilities, and fee breakdowns, among other things, which Eventbrite's platform could not offer; and (c) independent music venues partnered with Eventbrite because they had contracts with Ticketfly and sought to leave Eventbrite's platform because it did not offer provide customer support, email marketing capabilities, and fee breakdowns, among other things, that had attracted customers to Ticketfly.

181. In the Q3 2018 Shareholder Letter, Defendants also stated, under Acquisition Strategy and Financial Impact, that:

1 Our strategy is to operate a single technical platform globally, which means that we work
 2 to migrate customers from acquired platforms to the Eventbrite platform. This migration
 3 process has historically taken 12 to 24 months, over which the Eventbrite team engages
 4 with customers to support this process. In general, we strive to retain the majority of net
 revenue while migrating customers in order to realize the important synergies of operating
 a single technical platform. ***Migration efforts have typically resulted in modest customer
 losses which tend to cluster around the time we deprecate the acquired platform.***

5 182. Defendants' statements were misleading because they were aware of information
 6 showing that Eventbrite was not suffering "modest" customer losses. Instead, the Company was
 7 experiencing material customer losses because Ticketfly Customers had hired Ticketfly for the
 8 features Ticketfly provided but Eventbrite could not, including customer support, email marketing
 9 capabilities, and fee breakdowns, among other things.

10 183. That day, Eventbrite held a call to discuss its Q3 2018 earnings ("Q3 2018 Earnings
 11 Call"). On that call, Defendant Hartz stated:

12
 13 <Q>: Okay. Thank you. Two questions, please. First, Eventbrite Music that you said that
 14 launched last week, could you talk about kind of – what kind of impact that would have?
 15 And is this something where you think this would be useful in terms of retention or new
 16 customer wins? I think you've already had a lot of offerings in this kind of venue; in music,
 17 independent music festival space, but just talk about what the implication of this is. And
 then secondly, with YouTube, is this already live now and then could you talk at all about
 the economics or the somewhat similar to some of the other deals you've had? Anything
 around that would be useful. Thank you.

18
 19 <A - Julia Hartz>: Hi, Mark. Thanks so much for the questions. So, for Eventbrite Music,
 20 we have gone to market as of last week with a product that is tailor-made for independent
 21 music venues and promoters as well as festivals and this applies to not only those who are
 22 currently using Eventbrite but also, of course, those who are currently using the legacy
 Ticketfly platform. And so while related, they really are two different tracks of work:
 migration and then the Eventbrite Music product. ***And so where we see the great value of
 Eventbrite Music is that we've been able to utilize the extensibility of our platform and
 the modularity really to bring together an offering, a product offering that's focused on
 specifically venues so giving them expanded functionality to manage their box office, to
 manage their checkout experience, their marketing capabilities.***

23
 24
 25 184. Defendants' statements were misleading because Eventbrite Music did not provide
 26 and could not be extended to offer Ticketfly Customers the features that made them hire Ticketfly,
 27 including customer support, email marketing capabilities, and fee breakdowns, among other
 28 things.

185. In that same call, Defendant Befumo stated:

<Q>: Great. Thanks, Julia and Randy. Randy, the revenue that you're talking about losing is part of the re-platforming of Ticketfly. Are those customers that are going somewhere else? Is it a change in pricing? Can you just give us a sense of sort of what that means? Maybe competitively or sort of for the combined business going forward in terms of how we should think about relative growth rates on the other side of this.

<A - Randy Befumo>: Sure, Heath. Thank you for the question. When we think about migration loss, it comes in a variety of shapes and so the first thing to understand is unlike a SaaS contract that has a visible and stable revenue stream, our creators grow or shrink, depending on their businesses. And so when we're looking at migration and migration loss, you have to think about not just our part of it but also the creators' growing and shrinking as well.

Within that, though, there are really a few reasons that a creator will not migrate after an acquisition. The first, as you correctly inferred, is competitive activity. However, that's not the sum total. Some customers will choose to in-source, some customers actually, in the period between acquisition and migration, may unfortunately go out of business. Others may be acquired by companies that have competitive ticketing platforms or that already have preexisting ticketing relationships and those may actually drive the decisions, not anything about the Eventbrite platform.

So far, in our migration, we've seen a mix of them. There's no one overwhelming factor. We try to take them all into account when giving you and TheStreet guidance in order to give you the best sense of where we believe we'll land at the end of the quarter in terms of revenue.

186. Defendant Befumo's answer misleadingly implied that Ticketfly customers chose not to migrate to Eventbrite because of pricing, in-sourcing, and customers going out of business or being acquired by companies with pre-existing relationships, when in truth the overwhelming factor in losses is that Ticketfly's customers were dissatisfied with Eventbrite's platform.

187. On March 7, 2019, after markets closed, Defendants publicly published a letter addressed to shareholders concerning Eventbrite's Q4 2018 results ("Q4 2018 Shareholder Letter"), which Defendants Hartz and Befumo signed, and also held a conference call to discuss Q4 2018 earnings ("Q4 2018 Earnings Call").

188. As set out above, in the Q4 2018 Shareholder Letter and Earnings Call, Defendants revealed that the Ticketfly migration had gone much slower than planned. But the Defendants also made false statements to reassure investors. For example, on the Q4 2018 Earnings Call, in prepared remarks, Defendant Hartz stated that:

1 In 2018, we saw significant progress against our strategy. In the self-sign-on acquisition
 2 channel, we took steps in the second half to drive volume growth through country launches
 3 and product capability expansion. Our two international acquisitions strengthen our focus
 4 on building global development teams and accelerate our ability to deliver product and
 5 platform solutions. Additionally, we have integrated more than 50 distribution partners that
 6 are enabled by our APIs, underscoring our focus on platform extensibility. And in music,
 we are migrating our global business onto one single platform. To this end, we made
 measurable progress on the Ticketfly integration and sunset the ticketscript platform. We
 also launched Eventbrite Music, a solution specifically tailored for independent music
 venues and promoters.

7
 8 Each of these deliberate choices is about doing the hard work to grow the business in the
 9 right way. For example, our strategy is to have affordable pricing that encourages creator
 10 adoption and consumer satisfaction rather than use price to drive near-term revenue
 11 growth. Our focus remains on building a business that will serve millions of creators a
 12 decade from now. And our decisions are focused on this goalpost. Nowhere is this more
 13 evident than our Ticketfly acquisition. This was the largest acquisition we've completed to
 14 date, adding a significant amount to our revenue base. ***Rather than deciding to operate the
 Ticketfly platform on its own, we made the decision to integrate Ticketfly onto the
 Eventbrite platform, thus delivering the full power of both to independent music venues
 and promoters.*** This strategy also requires an intensive process where our team focuses on
 migrating existing customers as well as building platform enhancements.

15 189. Defendants' statements were misleading because the Eventbrite platform did not
 16 extend to Ticketfly Customers the full power of Ticketfly, but instead retired the features that
 17 made them hire Eventbrite, including customer support, email marketing capabilities, and fee
 18 breakdowns, among other things.

19 190. On March 7, 2019, Eventbrite filed its 10-K for the year ended December 31, 2018
 20 ("2018 10-K"), which Hartz, Befumo, and Dreskin signed. The 2018 10-K stated under "Our
 21 Growth Strategy":

22
 23 ***Selectively Acquire Businesses Focused on Serving Creators. We have been***
 24 ***successful leveraging our platform to make selective acquisitions that have***
 25 ***contributed to creator and revenue growth. We accelerated our momentum***
 26 ***through the acquisitions of ticketscript, Ticketfly, Ticketea and Picatic. By***
 27 ***finding like-minded teams who share a common ethos around serving creators,***
 28 ***we can continue to expand and offer new capabilities to existing creators. The***
modularity and extensibility of our platform enables us to integrate and migrate
creators to the Eventbrite platform, allowing us to quickly deprecate the acquired
technology and associated costs.

1 191. Since Ticketfly was by a factor of five Eventbrite's largest acquisition, investors
2 would have understood these statements to refer primarily to Eventbrite's integration and
3 migration of Ticketfly's Customers onto Eventbrite's platform. Yet Eventbrite's platform
4 modularity and extensibility did not enable such quick integration and migration because
5 Eventbrite's platform did not include, and could not be extended to include, sufficient features to
6 attract Ticketfly Customers, such as 24-7 Ticket Purchaser support, email integration, and fee
7 expensing. Accordingly, the emphasized statements gave the misleading impression that the
8 Ticketfly migration was successful, though it was not.

9 **EXCHANGE ACT CLASS ACTION ALLEGATIONS**

10 192. Plaintiffs bring this action as a class action pursuant to Federal Rule of Civil
11 Procedure 23(a) and (b)(3) on behalf of a class, consisting of all persons and entities who
12 purchased or otherwise acquired Eventbrite securities during the Class Period. Excluded from the
13 Class are Defendants, the officers and directors of the Company, at all relevant times, members of
14 their immediate families and their legal representatives, heirs, successors, or assigns, and any
15 entity in which Defendants have or had a controlling interest.

16 193. The members of the Class are so numerous that joinder of all members is
17 impracticable. Throughout the Class Period, Eventbrite's common shares actively traded on the
18 NYSE. While the exact number of Class members is unknown to Plaintiffs at this time and can
19 only be ascertained through appropriate discovery, Plaintiffs believe that there are at least
20 hundreds or thousands of members in the proposed Class. Hundreds of millions of Eventbrite
21 common shares were traded publicly during the Class Period on the NYSE. Record owners and
22 other members of the Class may be identified from records maintained by Eventbrite or its transfer
23 agent and may be notified of the pendency of this action by mail, using the form of notice similar
24 to that customarily used in securities class actions.

25 194. Plaintiffs' claims are typical of the claims of the members of the Class as all
26 members of the Class are similarly affected by Defendants' wrongful conduct in violation of
27 federal law that is complained of herein.

28 195. Plaintiffs will fairly and adequately protect the interests of the members of the

Class and have retained counsel competent and experienced in class and securities litigation.

196. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

(a) whether the federal securities laws were violated by Defendants' acts as alleged herein;

(b) whether statements made by Defendants to the investing public during the Class Period omitted and/or misrepresented material facts about the business, operations, and prospects of Eventbrite;

(c) to what extent the members of the Class have sustained damages and the proper measure of damages; and

(d) whether Defendants' false statements were made with scienter.

197. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation makes it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

APPLICABILITY OF PRESUMPTION OF RELIANCE (FRAUD-ON-THE-MARKET DOCTRINE)

198. The market for Eventbrite's securities was open, well-developed and efficient at all relevant times. As a result of the materially false and misleading statements and failures to disclose, Eventbrite's securities traded at artificially inflated prices during the Class Period. On September 28, 2018, the Company's share price closed at a Class Period high of \$37.97 per share. Plaintiffs and other members of the Class purchased or otherwise acquired the Company's securities relying upon the integrity of the market price of Eventbrite's securities and market information relating to Eventbrite, and have been damaged thereby.

1 199. During the Class Period, the artificial inflation of Eventbrite's shares was caused by
2 the material misrepresentations and/or omissions particularized in this Complaint causing the
3 damages sustained by Plaintiffs and other members of the Class. As described herein, during the
4 Class Period, Defendants made or caused to be made a series of materially false and/or misleading
5 statements about Eventbrite's business, prospects, and operations. These material misstatements
6 and/or omissions created an unrealistically positive assessment of Eventbrite and its business,
7 operations, and prospects, thus causing the price of the Company's securities to be artificially
8 inflated at all relevant times, and when disclosed, negatively affected the value of the Company
9 shares. Defendants' materially false and/or misleading statements during the Class Period resulted
10 in Plaintiffs and other members of the Class purchasing the Company's securities at such
11 artificially inflated prices, and each of them has been damaged as a result.

12 200. At all relevant times, the market for Eventbrite's securities was an efficient market
13 for the following reasons, among others:

14 (a) Eventbrite shares met the requirements for listing, and was listed and actively
15 traded on the NYSE, a highly efficient and automated market;

16 (b) As a regulated issuer, Eventbrite filed periodic public reports with the SEC and/or
17 the NYSE;

18 (c) Eventbrite regularly communicated with public investors via established market
19 communication mechanisms, including through regular dissemination of press releases on the
20 national circuits of major newswire services and through other wide-ranging public disclosures,
21 such as communications with the financial press and other similar reporting services; and/or

22 (d) Eventbrite was followed by securities analysts employed by brokerage firms who
23 wrote reports about the Company, and these reports were distributed to the sales force and certain
24 customers of their respective brokerage firms. Each of these reports was publicly available and
25 entered the public marketplace.

26 201. As a result of the foregoing, the market for Eventbrite's securities promptly
27 digested current information regarding Eventbrite from all publicly available sources and reflected
28 such information in Eventbrite's share price. Under these circumstances, all purchasers of

1 Eventbrite's securities during the Class Period suffered similar injury through their purchase of
 2 Eventbrite's securities at artificially inflated prices and a presumption of reliance applies.

3 202. A Class-wide presumption of reliance is also appropriate in this action under the
 4 Supreme Court's holding in *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128 (1972),
 5 because the Class's claims are, in large part, grounded on Defendants' material omissions.
 6 Because this action involves Defendants' failure to disclose material adverse information
 7 regarding the Company's business operations and financial prospects—information that
 8 Defendants were obligated to disclose—positive proof of reliance is not a prerequisite to recovery.
 9 All that is necessary is that the facts withheld be material in the sense that a reasonable investor
 10 might have considered them important in making investment decisions. Given the importance of
 11 the Class Period material misstatements and omissions set forth above, that requirement is
 12 satisfied here.

13 **EXCHANGE ACT CLAIMS**

14 **THIRD CLAIM**

15 **Violation of Section 10(b) of The Exchange Act** 16 **and Rule 10b-5 Promulgated Thereunder** **(Against Eventbrite and the Individual Defendants)**

17 203. Plaintiffs repeat and re-allege each and every allegation contained above as if fully
 18 set forth herein.

19 204. During the Class Period, the Company and the Individual Defendants carried out a
 20 plan, scheme and course of conduct which was intended to and, throughout the Class Period, did:
 21 (i) deceive the investing public, including Plaintiffs and other Class members, as alleged herein;
 22 and (ii) cause Plaintiffs and other members of the Class to purchase Eventbrite's securities at
 23 artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, the
 24 Company and the Individual Defendants, and each of them, took the actions set forth herein.

25 205. The Company and the Individual Defendants (i) employed devices, schemes, and
 26 artifices to defraud; (ii) made untrue statements of material fact and omitted to state material facts
 27 necessary to make the statements not misleading; and (iii) engaged in acts, practices, and a course
 28 of business which operated as a fraud and deceit upon the purchasers of the Company's securities

1 in an effort to maintain artificially high market prices for Eventbrite's securities in violation of
2 Section 10(b) of the Exchange Act and Rule 10b-5. The Company and the Individual Defendants
3 are sued either as primary participants in the wrongful and illegal conduct charged herein or as
4 controlling persons as alleged below.

5 206. The Company and the Individual Defendants, individually and in concert, directly
6 and indirectly, by the use, means or instrumentalities of interstate commerce or of the mails,
7 engaged and participated in a continuous course of conduct to conceal adverse material
8 information about Eventbrite's financial well-being and prospects, as specified herein.

9 207. These Defendants employed devices, schemes and artifices to defraud, while in
10 possession of material adverse non-public information and engaged in acts, practices, and a course
11 of conduct as alleged herein in an effort to assure investors of Eventbrite's value and performance
12 and continued substantial growth, which included the making of, or the participation in the making
13 of, untrue statements of material facts and omitting to state material facts necessary in order to
14 make the statements made about Eventbrite and its business operations and future prospects in
15 light of the circumstances under which they were made, not misleading, as set forth more
16 particularly herein, and engaged in transactions, practices and a course of business which operated
17 as a fraud and deceit upon the purchasers of the Company's securities during the Class Period.

18 208. Each of the Individual Defendants' primary liability, and controlling person
19 liability, arises from the following facts: (i) the Individual Defendants were both high-level
20 executives and directors at the Company during the Class Period and members; (ii) each of these
21 defendants, by virtue of their responsibilities and activities as both a senior officer and a director
22 of the Company, was privy to and participated in the creation, development and reporting of the
23 Company's internal budgets, plans, projections and reports; (iii) each of these defendants enjoyed
24 significant personal contact and familiarity with the other defendants and was advised of, and had
25 access to, other members of the Company's management team, internal reports and other data and
26 information about the Company's finances, operations, and sales at all relevant times; and (iv)
27 each of these defendants was aware of the Company's dissemination of information to the
28 investing public which they knew or recklessly disregarded was materially false and misleading.

1 209. The Company and the Individual Defendants had actual knowledge of the
2 misrepresentations and omissions of material facts set forth herein or acted with reckless disregard
3 for the truth in that they failed to ascertain and to disclose such facts, even though such facts were
4 available to them. Such Defendants' material misrepresentations and omissions were done
5 knowingly or recklessly and for the purpose and effect of concealing Eventbrite's financial well-
6 being and prospects from the investing public and supporting the artificially inflated price of its
7 securities. As demonstrated by the company and the Individual Defendants' overstatements and
8 misstatements of the Company's business, operations, financial well-being, and prospects
9 throughout the Class Period, these defendants, if they did not have actual knowledge of the
10 misrepresentations and omissions alleged, were reckless in failing to obtain such knowledge by
11 deliberately refraining from taking those steps necessary to discover whether those statements
12 were false or misleading.

13 210. As a result of the dissemination of the materially false and misleading information
14 and failure to disclose material facts, as set forth above, the market price of Eventbrite's securities
15 was artificially inflated during the Class Period. In ignorance of the fact that market prices of the
16 Company's securities were artificially inflated, and relying directly or indirectly on the false and
17 misleading statements made by the Company and the Individual Defendants, or upon the integrity
18 of the market in which the securities trades, and in the absence of material adverse information
19 that was known to or recklessly disregarded by the Company and the Individual Defendants, but
20 not disclosed in public statements by these defendants during the Class Period, Plaintiffs and the
21 other members of the Class acquired Eventbrite's securities during the Class Period at artificially
22 high prices and were damaged thereby.

23 211. At the time of said misrepresentations and omissions, Plaintiffs and other members
24 of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiffs and the
25 other members of the Class and the marketplace known the truth regarding the problems that
26 Eventbrite was experiencing, which were not disclosed by the Company and the Individual
27 Defendants, Plaintiffs and other members of the Class would not have purchased or otherwise
28

1 acquired their Eventbrite securities, or, if they had acquired such securities during the Class
2 Period, they would not have done so at the artificially inflated prices which they paid.

3 212. By virtue of the foregoing, the Company and the Individual Defendants have
4 violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

5 213. As a direct and proximate result of Defendants' wrongful conduct, Plaintiffs and
6 the other members of the Class suffered damages in connection with their respective purchases
7 and sales of the Company's securities during the Class Period.

8
9 **FOURTH CLAIM**
10 **Violation of Section 20(a) of the Exchange Act**
11 **(Against the Individual Defendants)**

12 214. Plaintiffs repeat and re-allege each and every allegation contained above as if fully
13 set forth herein.

14 215. The Individual Defendants acted as controlling persons of Eventbrite within the
15 meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level
16 positions, and their ownership and contractual rights, participation in and awareness of the
17 Company's operations or intimate knowledge of the false financial statements filed by the
18 Company with the SEC and disseminated to the investing public, the Individual Defendants had
19 the power to influence and control and did influence and control, directly or indirectly, the
20 decision-making of the Company, including the content and dissemination of the various
21 statements which Plaintiffs contend are false and misleading. The Individual Defendants were
22 provided with or had unlimited access to copies of the Company's reports, press releases, public
23 filings and other statements alleged by Plaintiffs to be misleading prior to and shortly after these
24 statements were issued and had the ability to prevent the issuance of the statements or cause the
25 statements to be corrected.

26 216. In particular, each of these Defendants had direct and supervisory involvement in
27 the day-to-day operations of the Company and, therefore, is presumed to have had the power to
28 control or influence the particular transactions giving rise to the securities violations as alleged
herein, and exercised the same.

217. As set forth above, Eventbrite and the Individual Defendants each violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their positions as controlling persons, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of Defendants' wrongful conduct, Plaintiffs and other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray for relief and judgment, as follows:

(a) Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure;

(b) Awarding compensatory damages in favor of Plaintiffs and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;

(c) Awarding Plaintiffs and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

(d) Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiffs hereby demand a trial by jury.

Dated: October 11, 2019

Respectfully submitted,

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PROOF OF SERVICE BY ELECTRONIC POSTING

I, the undersigned say:

I am not a party to the above case, and am over eighteen years old. On October 11, 2019, I served true and correct copies of the foregoing document, by posting the document electronically to the ECF website of the United States District Court for the Northern District of California, for receipt electronically by the parties listed on the Court's Service List.

I affirm under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on October 11, 2019, at Los Angeles, California.

s/ Kara M. Wolke
Kara M. Wolke